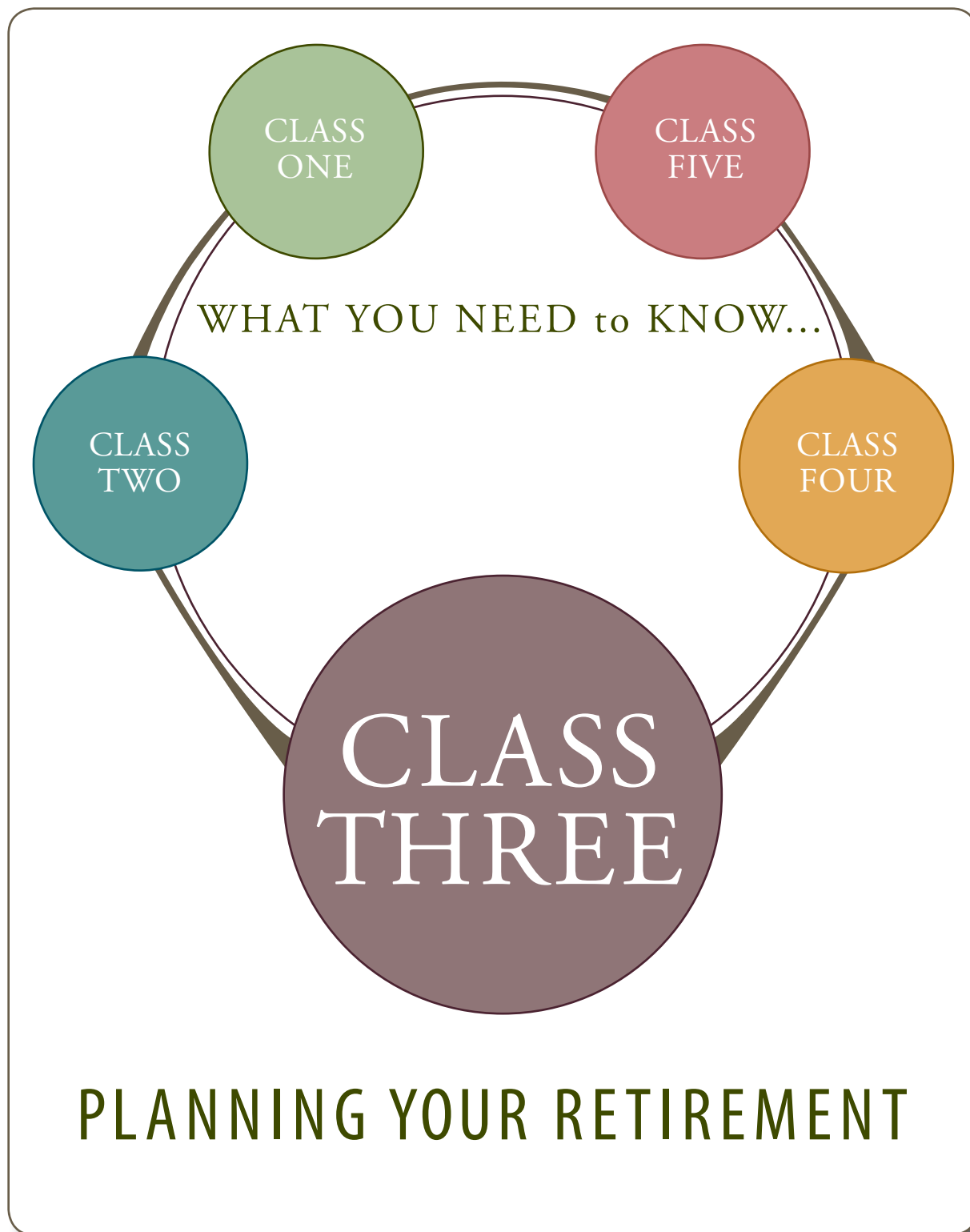


WHAT YOU NEED to KNOW...



PLANNING YOUR RETIREMENT | CLASS THREE



- New CalPERS Member | CLASS ONE
- Continuing CalPERS Member | CLASS TWO
- Planning Your Retirement | CLASS THREE
- Completing Your Retirement Application | CLASS FOUR
- Retired CalPERS Member | CLASS FIVE

# Personal Information Worksheet

---

**Retirement  
Benefit  
Calculation  
Formula**

**Service Credit** × **Benefit Factor** × **Final Compensation** = **Unmodified Allowance**  
(years)                      (% per year)                      (average pay rate)

If any of these three factors increase, your pension increases.

---

**Service Credit**

You can increase your service credit in three ways:

- Work longer
- Convert unused sick leave (if your employer contracts for this benefit)
- Purchase service credit

Possible types of service credit purchases:

Eligible	Service Credit Type
	Redeposit of Withdrawn Contributions
	Service Prior to Membership
	Military Service
	Additional Retirement Service Credit (Air Time)
	Peace Corps, AmeriCorps*Vista, AmeriCorps
	Leave of Absence
	Layoff
	Prior Service
	Optional Member Service

---

**Benefit Factor** My retirement formula is: \_\_\_\_\_% @ \_\_\_\_\_

My birthday quarters are:

Quarter	Date/Month
Birthday	
¼ year	
½ year	
¾ year	

---

**Final  
Compensation**

Your final compensation is a 12 or 36 month average of your full-time monthly base pay.

The time period used is dependent on your employer's contract.

My final compensation period is: \_\_\_\_\_ months.

## Notes

# CalPERS Publications Checklist

## CalPERS Member Benefit Booklets

- School Benefits (pub 2)
- State Miscellaneous and Industrial Benefits (pub 6)
- State Safety Benefits (pub 7)
- Local Miscellaneous Benefits (pub 8)
- Local Safety Benefits (pub 9)

## CalPERS Retirement Applications

- Service Retirement Election Application (pub 43)
- Disability Retirement Election Application (includes industrial disability retirement) (pub 35)

## CalPERS Health Publications

- Health Program Guide (HBD-120)
- Health Benefit Summary (HBD-110)
- Prescription for Quality Health Care (HBD-33)

**Note:** The health publications are updated annually.

## Other CalPERS Publications

- Service Credit Purchase Options (pub 12)
- Power of Attorney (pub 30)
- Employment After Retirement (pub 33)
- Reinstatement from Retirement (pub 37)
- When You Change Retirement Systems (pub 16)
- Planning Your Service Retirement (pub 1)
- Changing Your Beneficiary or Monthly Benefit After Retirement (pub 98)
- Retirement Option 4 (pub 18)
- Temporary Annuity (pub 13)
- Alternate Retirement Program (pub 10)
- Understanding CalPERS (pub 36)
- Community Property Model Order Package (MBSD-183)
- Refund/Rollover Election Package (PERS02M0324)

## Ordering CalPERS Publications

All CalPERS publications and forms are available for download on our Web site, **[www.calpers.ca.gov](http://www.calpers.ca.gov)**, at the forms and publications link. The publications can also be ordered through the Web site and a hardcopy will be mailed to your home. You can also order any of our forms and publications by calling our toll free number, **888-CalPERS** (or **888-225-7377**).

## Notes

# What you need to know... Planning Your Retirement

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*While reading this material, remember that CalPERS is governed by the Public Employee's Retirement Law. The statements in this publication are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this publication, any decision will be based on the law and not this publication.*

## Notes



# Introduction to *Planning Your Retirement*

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## **Planning Your Retirement**

CalPERS offers a series of five classes designed to educate and inform CalPERS members at any stage of their careers:

- New CalPERS Member | Class One
- Continuing CalPERS Member | Class Two
- **Planning Your Retirement | Class Three**
- Completing Your Retirement Application | Class Four
- Retired CalPERS Member | Class Five

The Planning Your Retirement class is designed primarily for members towards the end of their careers.

---

## **The CalPERS Customer Education Center**

The CalPERS Customer Education Center (CEC) is an online service available on our Web site, **[www.calpers.ca.gov](http://www.calpers.ca.gov)**. The CEC enables you to review the schedule of classes and enroll in a class online. You can also take the five basic classes online at your own pace. You can also enroll in any instructor-led class by calling our toll free number **888 CalPERS** (or **888-225-7377**).

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## Notes

# What is CalPERS?

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## CalPERS Mission Statement

Our mission is to advance the financial and health security for all who participate in the System. We will fulfill this mission by creating and maintaining an environment that produces responsiveness to all those we serve.

---

## CalPERS Benefits

CalPERS is a 401(a) defined benefit retirement plan. We provide lifetime benefits based on a member's years of service, age and highest compensation.

CalPERS also provides benefits for disability and death, making payments in some cases to survivors and/or beneficiaries of eligible members.

---

## Background

CalPERS manages pension and health benefits for approximately 1.5 million California public employees, retirees, and their families.

The CalPERS membership is divided among three groups, consisting of retired and active employees of:

- Public Schools
  - Public Agencies
  - The State
- 

## A Brief History of CalPERS

**1932** – CalPERS is established by State law to provide retirement benefits for State employees.

**1939** – Public Agency and classified School employees are allowed to participate.

**1962** – State law authorizes CalPERS to provide health benefits to State employees.

**1967** – The health benefits program is expanded to include Public Agency and School employees.

**1995** – CalPERS offers long-term care insurance to public employees, retirees, and their family members.

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## Notes

# CalPERS Programs

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## CalPERS Programs

CalPERS offers the following programs designed to support your financial planning needs.

- Retirement savings plans
  - Member Home Loan Program
  - Health benefits
  - Long-Term Care Program
- 

### *CalPERS Savings Plans*

CalPERS offers three different savings plans to assist members in saving for retirement:

- CalPERS 457 Deferred Compensation Program
- Supplemental Contributions Program
- State Peace Officers' and Firefighters' Defined Contribution Plan

There are eligibility requirements for each of these plans.

---

### *CalPERS 457 Deferred Compensation Plan*

The CalPERS 457 Deferred Compensation Plan is a supplemental retirement savings plan available to Public Agency and School members.

- Contributions into the plan are made by pre-tax payroll deductions
- Earnings grow tax-free until withdrawn as taxable income in retirement
- Participants can direct their money into investment options of their choosing

State employees are not eligible for the CalPERS 457, but are eligible for the 457 plan available through the State Savings Plus Program which is administered by the Department of Personnel Administration.

---

**CalPERS 457  
Deferred  
Compensation  
Plan,  
Continued**

Contact your employer's plan representative to:

- Obtain the enrollment form
- Select investments and deferral amounts
- Designate beneficiaries

Your enrollment form must be signed by an employer representative.

Public agency and school employers in California can contract with CalPERS to provide this savings program to their employees even if they do not offer the CalPERS defined benefit retirement or health programs. There is no cost for the employer to add this plan, and it can be added in addition to any plan they already offer.

For more information visit our Web site or call (800) 696-3907.

---

***Supplemental Contributions Program***

The Supplemental Contributions Program is designed to provide additional retirement income to CalPERS members who are State employees, and to employees of Schools and Public agencies that contract for this benefit.

- This program is entirely member funded and participation is voluntary.
- Contributions are made on an after-tax basis and are separate from the contributions made to the CalPERS defined benefit plan.

For more information visit our Web site or call (877) 564-2022.

---

### ***State Peace Officers' and Firefighters' Defined Contribution Plan***

The State Peace Officers' and Firefighters' Defined Contribution Plan (POFF DC Plan) is an employer paid benefit that supplements a qualifying member's pension. To be enrolled in the POFF DC plan you must be a state employee with the Department of Corrections and Rehabilitation in bargaining unit 6.

Contributions to the POFF DC Plan are:

- Made by the State
- Paid directly into the account for your benefit
- Subject to contract negotiations – currently 2% of base pay

The contributions are currently invested in a balanced growth index fund. This fund invests in a mix of 60 percent equity (stocks) and 40 percent fixed income (bonds). Each February you'll receive an annual statement reflecting the beginning balance, contributions, earnings, and the ending balance of your account.

You are eligible to receive your account balance (contributions and earnings) once you permanently separate from all employment with the State. Within 30 days of your termination, forms will be automatically mailed to your address of record so you can initiate your distribution request. (Temporary leaves of absence do not qualify as terminations.) If you have more than one employment position, you must separate from all positions to become eligible for distribution.

For more in formation visit our Web site or call (888) 777-1349.

---

### ***Member Home Loan Program***

The Member Home Loan Program offers members value, protection, and choice when purchasing or refinancing a home.

Participation in this program is available to:

- All active, inactive, and retired members of CalPERS
- Legislators' Retirement System members
- Judges' Retirement System members
- Judges' Retirement System II members

For more in formation visit our Web site or call. (800) 874-7377.

---

***Health Benefits***

CalPERS is the third largest purchaser of health care benefits in the nation, providing benefits to more than 1.2 million public employees, retirees, and their families.

- This program covers State employees by law.
  - Public Agency and School employers can contract to have CalPERS provide these benefits to their employees whether or not they contract for our retirement program.
- 

***CalPERS Long-Term Care Program***

CalPERS offers a voluntary comprehensive long-term care insurance program to help you plan for the high cost of long-term care services.

Those eligible for the CalPERS Long-Term Care Program include all California public employees, retirees and their:

- Spouses
- Parents
- Parents-in-law
- Adult siblings between the ages of 18-79

There are several different levels of coverage available with the CalPERS Long-Term Care Program, and it can be used nationwide.

For more information visit our Web site or call (800) 982-1775.

---



**CalPERS  
Programs  
Continued**

***Contact Information***

You can learn more about all of the benefit programs discussed in this section at any time by visiting the CalPERS On-Line Web site **[www.calpers.ca.gov](http://www.calpers.ca.gov)**. You may also contact your program of choice by phone.

CalPERS 457 Deferred Compensation Program  
(800) 696-3907

Supplemental Contributions Program  
(877) 564-2022

State Peace Officers' & Firefighters' Defined Contribution Plan  
(888) 777-1349

Member Home Loan Program  
(800) 874-7377

Long-Term Care Program  
(800) 982-1775

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## Notes

# Retirement Types

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## CalPERS Retirement Types

CalPERS offers three different types of retirement benefits:

- Service Retirement
  - Disability Retirement
  - Industrial Disability Retirement
- 

## Service Retirement

### *Eligibility for Service (Regular) Retirement*

In most cases, you must be at least age 50 and have five years of CalPERS service. The exception is for State Second Tier members, who must be at least 55 years old with 10 years service. You may also be eligible for a service retirement if you've worked over five years part time, even if you don't have five years service credit. This is called a partial service conversion.

---

### *Retirement Planning*

Educating yourself beforehand is the key to making good retirement decisions. You cannot change your retirement benefit option election, a designated lifetime beneficiary, or your retirement date after you receive your first full retirement benefit check. Therefore, it is very important to fully understand what each election means to you and to those you plan to leave benefits to after your death.

---

## Disability Retirement

### *Eligibility for Disability Retirement*

You may apply for disability retirement while you are in CalPERS-covered employment, within four months of separation of employment, while on approved leave, or any time if you left your job because of a disability and have remained disabled since then. There is no minimum age requirement for disability retirement. In most cases, you must have a minimum of five years of CalPERS service.

---

### ***When to Apply For Disability Retirement***

You, or someone on your behalf such as your employer, should apply for disability retirement as soon as you are unable to perform your job because of an illness or injury that is expected to be permanent or expected to last longer than six months.

---

### ***Disability Retirement Calculation***

Disability retirement is a monthly benefit payable to a disabled member for life or until recovery from the disabling injury or illness. The non-industrial benefit is based on a member's years of service, age, and highest compensation. The age formula is based on your employer's contract with CalPERS.

Get more information by reviewing the *Disability Retirement Election Application Booklet*, or the *Member Benefit Booklet* for your employee category.

---

## **Industrial Disability Retirement**

### ***Industrial Disability Retirement***

Industrial disability is available if you are unable to perform the duties of your job because of a job-related injury or illness and you are employed in one of the following CalPERS membership classifications: State safety, peace officer/firefighter, patrol, local safety, and certain miscellaneous members if your employer contracts for this benefit. If you are a public agency safety member, your employer will make the determination of disability, so you should consult with them about their procedures. There are no age or service restrictions for industrial disability.

---

### ***When to Apply For Industrial Disability Retirement***

You, or someone on your behalf such as your employer, should apply for disability retirement as soon as you are unable to perform your job because of an illness or injury that is expected to be permanent or expected to last longer than six months.

---

## ***Industrial Disability Retirement Calculation***

Industrial disability retirement allowances are based on 50 percent of compensation for members under service retirement age or the service retirement amount if eligible for service retirement. Get more information by reviewing the *Disability Retirement Election Application Booklet*, or the *Member Benefit Booklet* for your employee category.

---

### **How to Apply for Disability or Industrial Disability Retirement**

#### ***How to Apply For Disability Retirement***

- Review the CalPERS Web site for retirement information and member publications.
- Obtain photocopies of your important documents such as a birth certificate for your beneficiary, marriage certificate, or certificate of domestic partnership.
- If you think you may be eligible to purchase additional service credit not shown on your most recent CalPERS Annual Member Statement, request *A Guide to Your CalPERS Service Credit Purchase Options* booklet.
- If there is a community property claim on your account, submit your settlement agreement to the CalPERS Member Services Division.
- Register for a User ID and Password on our Web site and submit an online request for a retirement benefit estimate from CalPERS.
- Visit the CalPERS Web site or contact your employer to obtain a copy of *A Guide to Completing Your CalPERS Disability Retirement Election Application* booklet.
- Take your retirement application to your personnel office to complete their part.
- Complete and mail your *Disability Retirement Election Application* to CalPERS and make a copy for your records.

Be sure that you have the required forms in the booklet, *A Guide to Completing Your CalPERS Disability Retirement Election Application*, completed and submitted to CalPERS along with your completed application and make a copy of all documents for your records.

---

**Retirement  
Calculation  
Formula**

***Retirement Benefit Calculation***

Your retirement benefit is calculated using a formula:

$$\begin{array}{ccccccc} \text{Service Credit} & \times & \text{Benefit Factor} & \times & \text{Final Compensation} & = & \text{Unmodified} \\ \text{(Years)} & & \text{(\% per year)} & & \text{(monthly \$)} & & \text{Allowance} \end{array}$$

An increase in one or more of these three factors can mean a higher pension at retirement. We discuss each of these factors in this book. You can also get more information by reviewing your *Member Benefit Booklet*. You can also use our online *Retirement Planning Calculator* on our Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

---

# Service Credit

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## Service Credit     *Service Credit*

Service credit generally represents the amount of time you have worked for a CalPERS-covered employer. It is one of three factors used in calculating your retirement pension. CalPERS retirement benefits are based on your total years of service credit, your age at retirement, and your highest average pay rate. Generally, the more service credit you have at retirement, the higher your retirement benefit will be.

---

### *How Service Credit Is Earned*

You earn service credit for work reported to CalPERS by a CalPERS-covered employer. It accumulates on a fiscal year basis, July 1 through June 30. For full time employees, for each full time month you work, you earn 1/10 of a year of service credit, so you only have to work 10 months of full-time employment during a fiscal year to earn one full year of service credit (see examples on the next page). Service is prorated for hourly and daily employees, for you 1,720 hours = one year of service credit, anything less is credited as a partial year.

---

**Service Credit  
Continued**

***How You Can Increase Your Service Credit***

CalPERS offers a variety of service credit purchase options. The four most requested service credit purchase types are:

- Redeposit of previously withdrawn CalPERS retirement contributions
- Military - purchase time served in active military duty
- Service Prior to Membership - purchase service credit for time worked under a CalPERS employer prior to CalPERS membership
- Additional Retirement Service Credit (ARSC) - eligible CalPERS members can purchase up to five years of additional service credit.

Other types of service credit available for purchase are: Peace Corps, AmeriCorps\*VISTA, or AmeriCorps, Military Leave of Absence, Maternity/Paternity Leave of Absence, Layoff, Prior Service and CETA.

Information on these service credit types may be found on the CalPERS Web site or in the *CalPERS Service Credit Purchase Options booklet*.

---



## Service Credit Calendar Examples

July 1 0.1	August 0.1	September 0.1	October 0.1
November 0.1	December 0.1	January 0.1	February 0.1
March 0.1	April 0.1	May X	June X
Total = 1.000 yr			

July 1	August	September	October
November 0.05	December 0.1	January 0.1	February 0.1
March 0.1	April 0.1	May 0.1	June 0.1
Total = 0.750 yr			

## Notes

# The Service Credit Purchase Process

---

## *How to Purchase Service Credit*

- Use the Service Credit Cost Estimator on our Web site to calculate an estimated cost for purchasing your service credit.
  - Complete and submit a request form (available on the Web site) with an attached printout of your cost estimate to CalPERS for the specific type of service credit that you would like to purchase. All requests are processed in the order they are received. Your cost will be calculated based on your information the day we receive your request, not on the day we process it.
  - CalPERS will determine your actual cost and provide payment option information with your election package. The package contains all the forms and instructions for making the purchase.
  - Return the completed election form with payment (if applicable) to CalPERS for processing.
- 

## *How Additional Service Credit Can Benefit You*

The purchase of service credit will increase your service credit balance which can increase your pension at retirement. Only you can decide if the increase to your future retirement benefit is worth the cost. Use our online Retirement Planning Calculator on the CalPERS Web site to see how additional service credit may affect your benefits. You may need to consult a financial planning expert to help you with this decision.

---

### **Payment Options**

There are three ways to pay for a service credit purchase:

- All at once with a lump sum
- Installment payments for up to 15 years
- A partial lump sum payment with installment payments on the balance.

If your employer has an agreement with CalPERS to allow it, you can make the installment payments as pre-tax deductions from your active payroll. Pre-tax payments can't continue into retirement, however, so they are automatically converted to after tax payments when you retire.

In many cases, you can use funds from a qualified tax-deferred plan, such as a 457, 401(k), 403(b), or IRA, to pay for your service credit purchase

## Notes

## Second Tier Conversion

---

### Second Tier Conversion

#### *Membership Types*

There are two types of CalPERS membership for State miscellaneous and industrial employees, First Tier and Second Tier.

First Tier members:

- Are eligible for retirement at age 50 with 5 years of service credit
- Make CalPERS member contributions while they work in addition to their employer's contributions
- Have a higher benefit factor used in their pension calculation

Second Tier members:

- Are eligible to retire at age 55 with 10 years of service credit
- Do not make any contributions to CalPERS in addition to their employer's contributions

Have a lower benefit factor used in their pension calculation

---

#### *Conversion Options*

There are two election choices available to you in the Tier Conversion Election Package:

Future service only

- You pay regular monthly retirement contributions
- Your past service remains under the Second Tier formula

Past and future service

- You pay regular monthly retirement contributions
  - You are responsible for repayment of member contributions plus interest for the amount of time you were a Second Tier member
-

**Second Tier  
Conversion  
Continued**

***AER Payment Option***

All standard service credit payment options apply to Second Tier Conversion. An additional payment option known as Actuarial Equivalent Reduction (AER) is also available.

AER allows you to convert your Second Tier time without making payments at the time of your election. Instead, in lieu of payments you elect to receive a permanent reduction to your monthly retirement benefit.

The reduction is based on the amount owed at retirement and your life expectancy at the time of your retirement calculation.

---

***Requesting a Tier Conversion Packet***

Your Second Tier Conversion Election Package contains personalized information on benefits, cost, and payment options. Also included in your package are the election forms to complete your tier conversion.

Request a Second Tier Conversion Election Package by:

- Calling CalPERS at **888 CalPERS** (or **888-225-7377**)
- Submitting an e-mail using the Ask CalPERS feature on our Web site

The Tier Conversion Election Package is not available to download online.

---

# Sick Leave

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## Sick Leave

### *Definition of Sick Leave*

Accrued sick leave can be converted to service credit at the time of your retirement.

Sick leave service credit does not change your age at retirement or your effective retirement date. It simply increases the amount of service credit used in determining your retirement benefit.

---

### *Eligibility*

The ability to convert sick leave to service credit is available to all State and School members. Public Agency employers must contract for this benefit for their members.

To qualify, your effective retirement date must be within 120 days of your separation from employment.

---

### *Unused Vacation or Other Leave Time*

Vacation and other types of leave time cannot be converted to service credit.

If you have unused vacation or other leave you can either receive a lump sum payout or use the time before you retire.

You should contact your personnel office about policies on when and how your leave time can be used.

---

## **Sick Leave Continued**

### ***Calculating Sick Leave***

We use *years* of service credit in the pension calculation, so you need to know how to convert your sick leave balance into years. To calculate sick leave credit follow the steps below:

1. Determine the amount of sick leave hours you have at retirement
2. Divide your sick leave hours by 8 to get your days of sick leave
3. Multiply your sick leave days by .004 to determine your years of service credit

Example:

2000 hours  $\div$  8 = 250 days of sick leave

250 days  $\times$  .004 = 1 year of service credit

---

### ***Reporting Sick Leave***

You must take your retirement application to your employer to certify the amount of your accrued sick leave. This is a normal part of the retirement process, and you need to have it done prior to submitting the retirement application to CalPERS.

It is your responsibility to make sure that CalPERS is notified of your accrued sick leave at the time of retirement.

---



## Retirement Formulas and Benefit Factors

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### Retirement Formulas and Benefit Factors

Your retirement formula is determined by your employer's contract with CalPERS. Your retirement formula and your age determine what benefit factor is used in the calculation of your retirement benefit.

Contact your employer or CalPERS to determine your retirement formula.

---

### State Member Retirement Formulas

#### State Miscellaneous & Industrial 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
50	1.100%	1.146%	1.190%	1.236%
51	1.280%	1.326%	1.370%	1.416%
52	1.460%	1.506%	1.550%	1.596%
53	1.640%	1.686%	1.730%	1.776%
54	1.820%	1.866%	1.910%	1.956%
55	2.000%	2.016%	2.032%	2.048%
56	2.064%	2.080%	2.096%	2.110%
57	2.126%	2.142%	2.158%	2.172%
58	2.188%	2.204%	2.220%	2.236%
59	2.250%	2.268%	2.282%	2.298%
60	2.314%	2.330%	2.346%	2.360%
61	2.376%	2.392%	2.406%	2.422%
62	2.438%	2.454%	2.470%	2.486%
63+	2.500%	2.500%	2.500%	2.500%

---

### State Miscellaneous & Industrial 1.25% @ 65

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	0.5000%	0.5125%	0.5250%	0.5375%
<b>51</b>	0.5500%	0.5625%	0.5750%	0.5875%
<b>52</b>	0.6000%	0.6125%	0.6250%	0.6375%
<b>53</b>	0.6500%	0.6625%	0.6750%	0.6875%
<b>54</b>	0.7000%	0.7125%	0.7250%	0.7375%
<b>55</b>	0.7500%	0.7625%	0.7750%	0.7875%
<b>56</b>	0.8000%	0.8125%	0.8250%	0.8375%
<b>57</b>	0.8500%	0.8625%	0.8750%	0.8875%
<b>58</b>	0.9000%	0.9125%	0.9250%	0.9375%
<b>59</b>	0.9500%	0.9625%	0.9750%	0.9875%
<b>60</b>	1.0000%	1.0125%	1.0250%	1.0375%
<b>61</b>	1.0500%	1.0625%	1.0750%	1.0875%
<b>62</b>	1.1000%	1.1125%	1.1250%	1.1375%
<b>63</b>	1.1500%	1.1625%	1.1750%	1.1875%
<b>64</b>	1.2000%	1.2125%	1.2250%	1.2375%
<b>65 &amp; over</b>	1.2500%	1.2500%	1.2500%	1.2500%

### State Miscellaneous & Industrial 2% @ 60

Age	Exact Year	¼ Year	½ Year	¾ Year
<b>50</b>	1.092%	1.108%	1.124%	1.140%
<b>51</b>	1.156%	1.172%	1.190%	1.206%
<b>52</b>	1.224%	1.242%	1.260%	1.278%
<b>53</b>	1.296%	1.316%	1.336%	1.356%
<b>54</b>	1.376%	1.396%	1.418%	1.438%
<b>55</b>	1.460%	1.482%	1.506%	1.528%
<b>56</b>	1.552%	1.576%	1.600%	1.626%
<b>57</b>	1.650%	1.678%	1.704%	1.730%
<b>58</b>	1.758%	1.786%	1.816%	1.846%
<b>59</b>	1.874%	1.906%	1.938%	1.970%
<b>60</b>	2.000%	2.034%	2.068%	2.100%
<b>61</b>	2.134%	2.168%	2.202%	2.238%
<b>62</b>	2.272%	2.308%	2.346%	2.382%
<b>63 &amp; over</b>	2.418%	2.418%	2.418%	2.418%

State Safety  
Formulas

### State Safety 2% @ 50

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.035%	2.070%	2.105%
<b>51</b>	2.140%	2.175%	2.210%	2.245%
<b>52</b>	2.280%	2.315%	2.350%	2.385%
<b>53</b>	2.420%	2.455%	2.490%	2.525%
<b>54</b>	2.560%	2.595%	2.630%	2.665%
<b>55 &amp; over</b>	2.700%	2.700%	2.700%	2.700%

This formula has a 90% cap

---

State Safety  
Formulas

### State Safety 2% @ 55

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	1.426%	1.450%	1.474%	1.498%
<b>51</b>	1.522%	1.550%	1.576%	1.602%
<b>52</b>	1.628%	1.656%	1.686%	1.714%
<b>53</b>	1.742%	1.772%	1.804%	1.834%
<b>54</b>	1.866%	1.900%	1.932%	1.966%
<b>55 &amp; over</b>	2.000%	2.000%	2.000%	2.000%

This formula has a 90% cap

---

State Safety  
Formulas

### State Safety 2.5% @ 55 *Peace Officer Firefighter*

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.025%	2.050%	2.075%
<b>51</b>	2.100%	2.125%	2.150%	2.175%
<b>52</b>	2.200%	2.225%	2.250%	2.275%
<b>53</b>	2.300%	2.325%	2.350%	2.375%
<b>54</b>	2.400%	2.425%	2.450%	2.475%
<b>55 &amp; over</b>	2.500%	2.500%	2.500%	2.500%

This formula has a 90% cap

State Safety  
Formulas,  
Continued

---

**State Safety 2.5% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	1.700%	1.725%	1.750%	1.775%
<b>51</b>	1.800%	1.825%	1.850%	1.875%
<b>52</b>	1.900%	1.925%	1.950%	1.975%
<b>53</b>	2.000%	2.064%	2.126%	2.188%
<b>54</b>	2.250%	2.314%	2.376%	2.438%
<b>55 &amp; over</b>	2.500%	2.500%	2.500%	2.500%

This formula has an **80% cap**

---

State Safety  
Formulas

**State Safety 3% @ 50**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50 &amp; over</b>	3.000%	3.000%	3.000%	3.000%

This formula has a 90% cap

---

State Safety  
Formulas

**State Safety 3% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.400%	2.430%	2.460%	2.490%
<b>51</b>	2.520%	2.550%	2.580%	2.610%
<b>52</b>	2.640%	2.670%	2.700%	2.730%
<b>53</b>	2.760%	2.790%	2.820%	2.850%
<b>54</b>	2.880%	2.910%	2.940%	2.970%
<b>55 &amp; over</b>	3.000%	3.000%	3.000%	3.000%

This formula has a 90% cap

---

**School Member  
Retirement  
Formula**

**Schools 2% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	1.100%	1.146%	1.190%	1.236%
<b>51</b>	1.280%	1.326%	1.370%	1.416%
<b>52</b>	1.460%	1.506%	1.550%	1.596%
<b>53</b>	1.640%	1.686%	1.730%	1.776%
<b>54</b>	1.820%	1.866%	1.910%	1.956%
<b>55</b>	2.000%	2.016%	2.032%	2.048%
<b>56</b>	2.064%	2.080%	2.096%	2.110%
<b>57</b>	2.126%	2.142%	2.158%	2.172%
<b>58</b>	2.188%	2.204%	2.220%	2.236%
<b>59</b>	2.250%	2.268%	2.282%	2.298%
<b>60</b>	2.314%	2.330%	2.346%	2.360%
<b>61</b>	2.376%	2.392%	2.406%	2.422%
<b>62</b>	2.438%	2.454%	2.470%	2.486%
<b>63</b>	2.500%	2.500%	2.500%	2.500%

**Local  
Miscellaneous  
Retirement  
Formulas**

**Local Miscellaneous 2% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	1.426%	1.450%	1.474%	1.498%
<b>51</b>	1.522%	1.550%	1.576%	1.602%
<b>52</b>	1.628%	1.656%	1.686%	1.714%
<b>53</b>	1.742%	1.772%	1.804%	1.834%
<b>54</b>	1.866%	1.900%	1.932%	1.966%
<b>55</b>	2.000%	2.014%	2.026%	2.040%
<b>56</b>	2.052%	2.066%	2.078%	2.092%
<b>57</b>	2.104%	2.118%	2.130%	2.144%
<b>58</b>	2.156%	2.170%	2.182%	2.196%
<b>59</b>	2.210%	2.222%	2.236%	2.248%
<b>60</b>	2.262%	2.274%	2.288%	2.300%
<b>61</b>	2.314%	2.326%	2.340%	2.352%
<b>62</b>	2.366%	2.378%	2.392%	2.404%
<b>63 &amp; over</b>	2.418%	2.418%	2.418%	2.418%

**Local  
Miscellaneous  
Retirement  
Formulas,  
Continued**

**Local Miscellaneous 2% @ 60**

Age	Exact Year	$\frac{1}{4}$ Year	$\frac{1}{2}$ Year	$\frac{3}{4}$ Year
<b>50</b>	1.092%	1.108%	1.124%	1.140%
<b>51</b>	1.156%	1.172%	1.190%	1.206%
<b>52</b>	1.224%	1.242%	1.260%	1.278%
<b>53</b>	1.296%	1.316%	1.336%	1.356%
<b>54</b>	1.376%	1.396%	1.418%	1.438%
<b>55</b>	1.460%	1.482%	1.506%	1.528%
<b>56</b>	1.552%	1.576%	1.600%	1.626%
<b>57</b>	1.650%	1.678%	1.704%	1.730%
<b>58</b>	1.758%	1.786%	1.816%	1.846%
<b>59</b>	1.874%	1.906%	1.938%	1.970%
<b>60</b>	2.000%	2.034%	2.068%	2.100%
<b>61</b>	2.134%	2.168%	2.202%	2.238%
<b>62</b>	2.272%	2.308%	2.346%	2.382%
<b>63 &amp; over</b>	2.418%	2.418%	2.418%	2.418%



**Local  
Miscellaneous  
Retirement  
Formulas,  
Continued**

**Local Miscellaneous 2.5% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.025%	2.050%	2.075%
<b>51</b>	2.100%	2.125%	2.150%	2.175%
<b>52</b>	2.200%	2.225%	2.250%	2.275%
<b>53</b>	2.300%	2.325%	2.350%	2.375%
<b>54</b>	2.400%	2.425%	2.450%	2.475%
<b>55 &amp; over</b>	2.500%	2.500%	2.500%	2.500%

---

**Local  
Miscellaneous  
Retirement  
Formulas**

**Local Miscellaneous 2.7% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.035%	2.070%	2.105%
<b>51</b>	2.140%	2.175%	2.210%	2.245%
<b>52</b>	2.280%	2.315%	2.350%	2.385%
<b>53</b>	2.420%	2.455%	2.490%	2.525%
<b>54</b>	2.560%	2.595%	2.630%	2.665%
<b>55 &amp; over</b>	2.700%	2.700%	2.700%	2.700%

---

Local  
Miscellaneous  
Retirement  
Formulas  
Continued

**Local Miscellaneous 3% @ 60**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.025%	2.050%	2.075%
<b>51</b>	2.100%	2.125%	2.150%	2.175%
<b>52</b>	2.200%	2.225%	2.250%	2.275%
<b>53</b>	2.300%	2.325%	2.350%	2.375%
<b>54</b>	2.400%	2.425%	2.450%	2.475%
<b>55</b>	2.500%	2.525%	2.550%	2.575%
<b>56</b>	2.600%	2.625%	2.650%	2.675%
<b>57</b>	2.700%	2.725%	2.750%	2.775%
<b>58</b>	2.800%	2.825%	2.850%	2.875%
<b>59</b>	2.900%	2.925%	2.950%	2.975%
<b>60 &amp; over</b>	3.000%	3.000%	3.000%	3.000%

---

**Local Safety  
Retirement  
Formulas**

**Local Safety 2% @ 50**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.035%	2.070%	2.105%
<b>51</b>	2.140%	2.175%	2.210%	2.245%
<b>52</b>	2.280%	2.315%	2.350%	2.385%
<b>53</b>	2.420%	2.455%	2.490%	2.525%
<b>54</b>	2.560%	2.595%	2.630%	2.665%
<b>55 &amp; over</b>	2.700%	2.700%	2.700%	2.700%

This formula has a 90% cap

---

**Local Safety  
Retirement  
Formulas**

**Local Safety 2% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	1.426%	1.450%	1.474%	1.498%
<b>51</b>	1.522%	1.550%	1.576%	1.602%
<b>52</b>	1.628%	1.656%	1.686%	1.714%
<b>53</b>	1.742%	1.772%	1.804%	1.834%
<b>54</b>	1.866%	1.900%	1.932%	1.966%
<b>55 &amp; over</b>	2.000%	2.000%	2.000%	2.000%

This formula has a 90% cap

---

**Local Safety  
Retirement  
Formulas**

**Local Safety 2.5% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.000%	2.025%	2.050%	2.075%
<b>51</b>	2.100%	2.125%	2.150%	2.175%
<b>52</b>	2.200%	2.225%	2.250%	2.275%
<b>53</b>	2.300%	2.325%	2.350%	2.375%
<b>54</b>	2.400%	2.425%	2.450%	2.475%
<b>55 &amp; over</b>	2.500%	2.500%	2.500%	2.500%

This formula has a 90% cap

**Local Safety  
Retirement  
Formulas**

**Local Safety 3% @ 50**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50 &amp; over</b>	3.000%	3.000%	3.000%	3.000%

This formula has a 90% cap

---

**Local Safety  
Retirement  
Formulas**

**Local Safety 3% @ 55**

Age	Exact Year	1/4 Year	1/2 Year	3/4 Year
<b>50</b>	2.400%	2.430%	2.460%	2.490%
<b>51</b>	2.520%	2.550%	2.580%	2.610%
<b>52</b>	2.640%	2.670%	2.700%	2.730%
<b>53</b>	2.760%	2.790%	2.820%	2.850%
<b>54</b>	2.880%	2.910%	2.940%	2.970%
<b>55 &amp; over</b>	3.000%	3.000%	3.000%	3.000%

This formula has a 90% cap

---

## Final Compensation

---

### Final Compensation

Final compensation is your highest average monthly pay rate for a 1 year or 3 year period and is based on your full-time pay rate as reported by your employer.

---

### State Final Compensation Period

All State employees hired prior to 01/01/2007 have a 12-month final compensation period. State miscellaneous and industrial employees hired after 01/01/2007 have a 36 month final compensation period (state safety employees always have a 12 month final comp period).

CalPERS automatically uses the last 12 or 36 consecutive months of pay reported by your employer to calculate your final compensation.

---

### School Final Compensation Period

All School employees have a 12 month final compensation period.

CalPERS automatically uses the last 12 consecutive months of pay reported by your employer to calculate your final compensation.

School employees that are paid on a 10 or 11 month basis have a slightly different calculation. Even though they may be paid for 10 or 11 months, their final compensation is calculated using a 12 month average.

---

### 12 Month Example

This is an example of how a 12 month final compensation is calculated:

#### 12-Month Final Compensation Calculation

Example using retirement date 11/01/2011

<u>From</u>	<u>To</u>	<u>Pay Rate</u>	<u>Months</u>	<u>Total</u>	<u>Final Compensation</u>
11/1/2010	4/30/2011	\$2,900	× 6 =	\$17,400	
5/1/2011	10/31/2011	\$3,100	× 6 =	\$18,600	
			12	\$36,000	÷ 12 = \$3,000.00

If the member in this example were to wait another six months to retire, they would work a full 12 months at the higher pay rate and would boost their final compensation average to \$3100.

---

**12 Month  
Example for 10  
Month School  
Employees**

Here is an example of a 12 month final compensation calculation for an employee who works 10 months a year:

**12-Month Final Compensation Calculation (Schools)**

Example calculation using retirement date 11/01/2011

<u>From</u>	<u>To</u>	<u>Pay Rate</u>	<u>Months</u>	<u>Total</u>	<u>Final Compensation</u>
11/1/2010	8/31/2011	\$2,900	x 8 =	\$23,200	
9/1/2011	10/31/2011	\$3,100	x 2 =	\$6,200	
			10	\$29,400	÷ 12 = \$2,450.00

---

**Public Agency  
Final  
Compensation  
Period**

Public agencies can contract for a 12 or 36 month final compensation period.

CalPERS automatically uses the last 12 or 36 months of pay reported by your employer to calculate your final compensation.

---

**36 month  
Example**

This is an example of how a 36 month final compensation is calculated:

**36-Month Final Compensation Calculation**

Example using retirement date 11/01/2012

<u>From</u>	<u>To</u>	<u>Pay Rate</u>	<u>Months</u>	<u>Total</u>	<u>Final Compensation</u>
11/1/2009	10/31/2010	\$2,800	x 12 =	\$33,600	
11/1/2010	10/31/2011	\$3,000	x 12 =	\$36,000	
11/1/2011	10/31/2012	\$3,200	x 12 =	\$38,400	
			36	\$108,000	÷ 36 = \$3,000.00

---

On your retirement application, you can request that CalPERS use a 12 or 36 consecutive month period other than the last 12 or 36 months (depending on your employer contract) to calculate your final compensation. This would be done if your highest pay rate was not received in your final 12 or 36 months.

## Social Security Adjustment

---

### Social Security Adjustment

Your final compensation may need to be adjusted depending on whether or not you contribute to Social Security while working for a CalPERS-covered employer.

If you do not contribute to Social Security while working for a CalPERS-covered employer, no adjustment will be made.

---

### *Service Coordinated With Social Security*

We reduce your final compensation by \$133.33 because when Social Security became federally mandated, the Legislature decided that the first one-third of maximum Social Security earnings would always be exempt from CalPERS contributions. At that time, the maximum Social Security earnings were \$400 a month. The first one-third of \$400 is \$133.33.

This is a **one-time** adjustment used in your retirement calculation.

Example: \$3000.00 final compensation average  
- \$133.33 Social Security adjustment  
\$2866.67 adjusted final compensation factor used in your retirement calculation

---

## Notes



# Retirement Calculation

---

## Example Calculation

The pension formula made up of the three factors:

$$\text{Service Credit} \times \text{Benefit Factor} \times \text{Final Comp} = \text{Unmodified Allowance}$$

Here is an example of how the unmodified allowance retirement benefit is calculated. We're going to use as an example a member working under the State & Schools 2% @ 55 formula with 25 years of service credit at retirement. They're retiring on their 55<sup>th</sup> birthday, which gives them a 2% benefit factor (see the chart on page 31 or 36). Their adjusted final compensation average is \$2866.67 a month.

The first thing we do is multiply the years of service credit by the benefit factor, which gives the percentage of final compensation:

$$25 \text{ years service credit} \times 2\% \text{ benefit factor} = 50\% \text{ of final compensation}$$

We then multiply the percentage of final compensation by the final compensation average to get the unmodified allowance:

$$50\% \times \$2866.67 \text{ final compensation} = \$1433.33 \text{ unmodified allowance}$$

The unmodified allowance is the highest amount payable to a CalPERS member upon their retirement.

Let's see how waiting another six months would affect this member's pension. Retiring at age 55 ½ would increase their benefit factor to 2.032%, their service credit would increase to 25.6 years, and we'll assume that their final compensation increased to \$2966.67.

$$25.6 \text{ years} \times 2.032\% = 52.02\% \text{ of Final Compensation,}$$

$$52.02\% \times \$2,966.67 = \$1,543.23 \text{ Unmodified Allowance}$$

By waiting another six months to retire, this member increased all three of the pension factors, which resulted in a pension increase of over 7%.

What you can learn from this example is that because CalPERS is going to calculate your pension based on the retirement date you choose, relatively small changes to your retirement date can have a significant effect on your retirement income.

**Example  
Calculations,  
Continued**

---

***Split Calculation for School Members***

On January 1, 2001, a new law went into effect that changed the way we calculate the pensions of classified school employees who contribute to Social Security. For time worked prior to January 1, 2001, we make the \$133.33 adjustment to their final compensation; for time the worked after that date we do not make the \$133.33 adjustment. This results in a split calculation. There was no change for school members who do not contribute to Social Security.

Let's run through an example of what this would look like using numbers similar to those in the previous example: a member retiring at 55 years old, which gives them a 2% benefit factor, who has 25 years of service credit and an adjusted final compensation of \$2,866.67 - so the unadjusted final comp is \$3,000. Twenty of those 25 years were before January 1, 2001, so for this time period we'll use \$2,866.67 as final compensation. For the five years after January 1, 2001, we use \$3,000.00. Therefore, we have:

$$\begin{aligned} 20 \text{ years} \times 2\% (= 40\%) \times \$2,866.67 &= \$1,146.67 \\ 5 \text{ years} \times 2\% (= 10\%) \times \$3,000.00 &= \underline{\$ 300.00} \\ \text{Total} &= \$1,446.67 \text{ Unmodified Allowance} \end{aligned}$$

***Split Calculation for Multiple Employers***

Many CalPERS members work for more than one CalPERS employer during their career, so when they retire CalPERS will do a separate calculation for each employer then add up the results to get their total pension.

We'll use as an example a member who worked for eight years for a public agency under the 2.5% @ 55 formula, and then worked for the state for 17 years under the State/Schools 2% @ 55 formula, so they'll have 25 total years of service when they retire on their 55<sup>th</sup> birthday. They didn't contribute to Social Security with the public agency, but did during their time with the State. Their unadjusted final compensation is \$3000.00, the adjusted is \$2866.67.

$$\begin{aligned} 17 \text{ years} \times 2\% (= 34\%) \times \$2,866.67 &= \$ 974.67 \\ 8 \text{ years} \times 2.5\% (= 20\%) \times \$3,000.00 &= \underline{\$ 600.00} \\ \text{Total} &= \$1,574.67 \text{ Unmodified Allowance} \end{aligned}$$

# Practice Pension Calculation

For a retirement date of: \_\_\_\_\_

## Retirement Benefit Calculation Formula

**Service Credit** × **Benefit Factor** × **Final Compensation** = **Unmodified Allowance**  
(years)                      (% per year)                      (average pay rate)

Don't worry about trying to calculate exact numbers for this example, guesstimates will work fine. The purpose of this exercise is to show you how the calculation works, not to get you an accurate estimate you can use for planning purposes. See page 56 for how to order a CalPERS-generated estimate.

## Total Service Credit at Retirement

Current years of service:	
Years left to work:	
Service credit purchases:	
Unused sick leave:	
Total service credit at retirement:	

## Benefit Factor

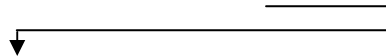
My benefit factor for the above retirement date is: \_\_\_\_\_%

## Final Compensation

Monthly final compensation: \$ \_\_\_\_\_  
(Subtract \$133.33 if you contribute to Social Security)

## Practice Calculation

\_\_\_\_\_ × \_\_\_\_\_% = \_\_\_\_\_  
service credit    benefit factor    % of final compensation



\_\_\_\_\_ × \$ \_\_\_\_\_ = \$ \_\_\_\_\_  
% of final compensation    final compensation    unmodified allowance

## Notes

# Survivor Continuance

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## Definition of Beneficiary

A beneficiary:

- Can be anyone you choose
- Does not have to be a spouse, domestic partner, or relative

You may name any person, a corporation, your estate, or a trust as your beneficiary.

---

## Definition of Survivor

Survivor: A person defined by law who is eligible to receive continuing monthly benefits after the member's death in retirement. You have no control over this benefit as the law determines who, if anyone, is eligible.

The order of eligibility is as follows:

- Spouse or registered domestic partner if marriage or partnership was in effect at least one year prior to retirement
  - Never-married children under age 18, until they turn 18 or marry
  - Disabled children, disabled prior to age 18, who have never been married
  - Economically dependent parents
- 

## Survivor Continuance

All State and School employers provide Survivor Continuance, Public Agency employers must contract for this benefit. Survivor Continuance provides that upon your death after retirement, a part of your monthly allowance will automatically continue to an eligible survivor. If there are no eligible survivors then no survivor benefit is paid. The Survivor Continuance benefit is paid for by your employer.

---

### *Survivor Continuance Amount*

If you contribute to Social Security, your survivor will receive 25% of your unmodified allowance.

If you do not contribute to Social Security, your survivor will receive 50% of your unmodified allowance.

## Notes

# Retirement Benefit Payment Options

---

## Retirement Benefit Payment Options

All CalPERS members are given a minimum of two benefit payment options at retirement. These are:

- Unmodified Allowance
  - Option 1
- 

If a member wants a beneficiary to receive a lifetime allowance in the event of their death in retirement, the member can choose a “life option”. These are:

- Option 2
  - Option 2W
  - Option 3
  - Option 3W
- 

There are additional benefit payment options that are available to further customize retirement benefits. These are collectively called:

- Option 4
- 

## Unmodified Allowance

Unmodified is the highest amount payable to you. The unmodified allowance provides nothing for a beneficiary, so upon your death any unused member contributions stay in the CalPERS fund.

---

## Option 1

Option 1 is the second highest amount payable to you. Upon your death any unused member contributions will be paid to your named beneficiary(ies).

---

## Option 2 & 2W

In the life options 2 & 2W you are agreeing to take a reduction to your retirement allowance in order to provide a monthly income to a beneficiary upon your death in retirement.

If your beneficiary is significantly younger than you are, the allowance is reduced significantly. If you and your beneficiary are closer in age, the allowance reduction is less.

**Option 2 & 2W  
Continued**

Option 2 is the least amount payable to you. Upon your death, CalPERS pays the same retirement benefit amount to your beneficiary. If your beneficiary dies before you do, you return to the unmodified allowance.

---

Option 2W is just like option 2, except it does not return to the unmodified allowance if your beneficiary passes away before you do. In exchange, the allowance to you and your beneficiary is slightly higher than with option 2.

---

**Option 3 & 3W**

In the life options 3 & 3W you are agreeing to take a reduction to your retirement allowance in order to provide a monthly income to a beneficiary upon your death in retirement.

If your beneficiary is significantly younger, the allowance is reduced significantly. If you and your beneficiary are closer in age, the allowance reduction is less.

---

Option 3 provides a higher allowance than option 2, but upon your death your beneficiary receives a lower allowance than you had while you were alive. If your beneficiary dies first, you return to the unmodified allowance.

---

Option 3W is just like option 3, except it does not return to the unmodified allowance if your beneficiary passes away before you do. In exchange, the allowance to and your beneficiary is slightly higher.

---

**Option 4**

Option 4 provides more benefit payment option choices:

- Specific dollar amount to a beneficiary
- Specific percentage to a beneficiary
- Option 2W and Option 1 combined
- Option 3W and Option 1 combined
- Reduced allowance for a fixed period of time
- Multiple lifetime beneficiaries
- Reduction on death of retiree or named beneficiary

For more information on Option 4 go to [www.calpers.ca.gov](http://www.calpers.ca.gov) and download *A Guide to CalPERS Retirement Option 4*.

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## Example Estimates

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### Example Estimates

There are three example estimates on the following pages for a fictional member named Sally Sample. The first estimate, on page 57, was calculated with the following information:

- Age at retirement: 55 years
- Total years of Service Credit: 25 years
- Benefit factor: 2%
- Final Compensation: \$2,866.67
- Survivor Continuance amount: 25%
- Beneficiary and survivor: Sally's spouse
- Beneficiary's age: one year older than Sally

This is the same information we used in the pension calculation on page 44. Use this estimate if your employer contracts for survivor continuance, you have an eligible survivor and you contribute to Social Security.

The second estimate, on page 58:

- Has no eligible survivor
- 56 year old sibling is the beneficiary

Use this estimate if you do not have an eligible survivor or if your employer does not contract for survivor continuance.

The last estimate, on page 59:

- Has 50% survivor continuance – Sally never contributed to Social Security
- Beneficiary is 56 year old spouse

Use this estimate if your employer contracts for survivor continuance, you have an eligible survivor and do not contribute to Social Security.

The example estimates in this section are in the same format as a CalPERS generated estimate, so when you order a CalPERS-generated estimate you'll get a page that looks just like these, but with your numbers on it.

---

**How to Get a Retirement Benefit Estimate**

The first place to look for a retirement benefit estimate is the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov). The Retirement Planning Calculator will provide you with an estimate based on information you provide. You can also log in to our Web site and use information from your last CalPERS annual member statement for the estimate.

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**When to Get a Retirement Benefit Estimate**

If you are within three years of retirement, you may go to our Web site and request a CalPERS-generated estimate. You can download the form for an estimate request and mail the form in, or submit a request electronically. You can also call **888 CalPERS** (or **888-225-7377**) to request an estimate.

The closer you are to retirement the greater the accuracy of your estimate.

## Beneficiary and 25% Survivor Continuance

Retirement Date: **03/10/20XX** Age at Retirement: **55.00**

<b>Unmodified Allowance</b> Highest monthly allowance payable. Benefit ends at your death. The only benefit payable is the lump sum death benefit.	For You	\$1433
	For Your Survivor	\$358
<b>Option 1</b> Less than the Unmodified Allowance but provides that if there are any member contributions remaining at the time of your death the balance would be paid to your designated beneficiary(ies) in a lump sum. The Option 1 allowance does not provide for a monthly allowance to a beneficiary after the member's death.	For You	\$1421
	For Your Beneficiary	Your total contributions of \$60,000.00 will be reduced by \$462.10 for each month that you receive an allowance. Your contributions will be reduced to zero in approximately 10.82 years.
	For Your Survivor	\$358
	For You, If Your Beneficiary Predeceases You.	\$1421
<b>Option 2</b> Lowest monthly allowance payable to you. Upon your death, CalPERS pays out the same monthly allowance. Returns to the Unmodified Allowance amount if your beneficiary predeceases you.	For You	\$1357
	For Your Beneficiary	\$999
	For Your Survivor	\$358
	For You, If Your Beneficiary Predeceases You.	\$1433
<b>Option 2W</b> This is just like Option 2, except it does not return to the Unmodified Allowance amount if your beneficiary predeceases you. In exchange, the allowance to you and your beneficiary is slightly higher.	For You	\$1369
	For Your Beneficiary	\$1011
	For Your Survivor	\$358
	For You, If Your Beneficiary Predeceases You.	\$1369
<b>Option 3</b> Provides a higher allowance than under Option 2, but upon your death your beneficiary receives a lower allowance. Returns to the Unmodified Allowance amount if your beneficiary predeceases you.	For You	\$1393
	For Your Beneficiary	\$517
	For Your Survivor	\$358
	For You, If Your Beneficiary Predeceases You.	\$1433
<b>Option 3W</b> This is just like Option 3, except it does not return to the Unmodified Allowance amount if your beneficiary predeceases you. In exchange, the allowance to you and your beneficiary is slightly higher.	For You	\$1401
	For Your Beneficiary	\$521
	For Your Survivor	\$358
	For You, If Your Beneficiary Predeceases You.	\$1401

## Beneficiary and No Survivor Continuance

Retirement Date: **03/10/20XX** Age at Retirement: **55.00**

<b>Unmodified Allowance</b> Highest monthly allowance payable. Benefit ends at your death. The only benefit payable is the lump sum death benefit.	For You	\$1433
	For Your Beneficiary	Your total contributions of \$60,000.00 will be reduced by \$462.10 for each month that you receive an allowance. Your contributions will be reduced to zero in approximately 10.82 years.
	For You, If Your Beneficiary Predeceases You.	\$1421
<b>Option 1</b> Less than the Unmodified Allowance but provides that if there are any member contributions remaining at the time of your death the balance would be paid to your designated beneficiary(ies) in a lump sum. The Option 1 allowance does not provide for a monthly allowance to a beneficiary after the member's death.	For You	\$1421
	For Your Beneficiary	Your total contributions of \$60,000.00 will be reduced by \$462.10 for each month that you receive an allowance. Your contributions will be reduced to zero in approximately 10.82 years.
	For You, If Your Beneficiary Predeceases You.	\$1421
<b>Option 2</b> Lowest monthly allowance payable to you. Upon your death, CalPERS pays out the same monthly allowance. Returns to the Unmodified Allowance amount if your beneficiary predeceases you.	For You	\$1331
	For Your Beneficiary	\$1331
	For You, If Your Beneficiary Predeceases You.	\$1433
<b>Option 2W</b> This is just like Option 2, except it does not return to the Unmodified Allowance amount if your beneficiary predeceases you. In exchange, the allowance to you and your beneficiary is slightly higher.	For You	\$1348
	For Your Beneficiary	\$1348
	For You, If Your Beneficiary Predeceases You.	\$1348
<b>Option 3</b> Provides a higher allowance than under Option 2, but upon your death your beneficiary receives a lower allowance. Returns to the Unmodified Allowance amount if your beneficiary predeceases you.	For You	\$1380
	For Your Beneficiary	\$690
	For You, If Your Beneficiary Predeceases You.	\$1433
<b>Option 3W</b> This is just like Option 3, except it does not return to the Unmodified Allowance amount if your beneficiary predeceases you. In exchange, the allowance to you and your beneficiary is slightly higher.	For You	\$1390
	For Your Beneficiary	\$695
	For You, If Your Beneficiary Predeceases You.	\$1390

## Beneficiary and 50% Survivor Continuance

Retirement Date: **03/10/20XX** Age at Retirement: **55.00**

<b>Unmodified Allowance</b> Highest monthly allowance payable. Benefit ends at your death. The only benefit payable is the lump sum death benefit.	For You	\$1433
	For Your Survivor	\$716
<b>Option 1</b> Less than the Unmodified Allowance but provides that if there are any member contributions remaining at the time of your death the balance would be paid to your designated beneficiary(ies) in a lump sum. The Option 1 allowance does not provide for a monthly allowance to a beneficiary after the member's death.	For You	\$1421
	For Your Beneficiary	Your total contributions of \$60,000.00 will be reduced by \$462.10 for each month that you receive an allowance. Your contributions will be reduced to zero in approximately 10.82 years.
	For Your Survivor	\$716
	For You, If Your Beneficiary Predeceases You.	\$1421
<b>Option 2</b> Lowest monthly allowance payable to you. Upon your death, CalPERS pays out the same monthly allowance. Returns to the Unmodified Allowance amount if your beneficiary predeceases you.	For You	\$1368
	For Your Beneficiary	\$652
	For Your Survivor	\$716
	For You, If Your Beneficiary Predeceases You.	\$1433
<b>Option 2W</b> This is just like Option 2, except it does not return to the Unmodified Allowance amount if your beneficiary predeceases you. In exchange, the allowance to you and your beneficiary is slightly higher.	For You	\$1391
	For Your Beneficiary	\$674
	For Your Survivor	\$716
	For You, If Your Beneficiary Predeceases You.	\$1391
<b>Option 3</b> Provides a higher allowance than under Option 2, but upon your death your beneficiary receives a lower allowance. Returns to the Unmodified Allowance amount if your beneficiary predeceases you.	For You	\$1399
	For Your Beneficiary	\$341
	For Your Survivor	\$716
	For You, If Your Beneficiary Predeceases You.	\$1433
<b>Option 3W</b> This is just like Option 3, except it does not return to the Unmodified Allowance amount if your beneficiary predeceases you. In exchange, the allowance to you and your beneficiary is slightly higher.	For You	\$1411
	For Your Beneficiary	\$347
	For Your Survivor	\$716
	For You, If Your Beneficiary Predeceases You.	\$1411

## Notes

# Temporary Annuity

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## Temporary Annuity

A temporary annuity is an additional monthly income you can choose to augment your CalPERS pension. This benefit can enable you to coordinate your CalPERS benefits with other income you may be planning to receive after you retire, such as deferred compensation or Social Security - which could allow you to retire earlier.

The type of temporary annuity you're eligible for depends on your CalPERS membership date.

---

### *Membership Date of January 1, 2002, or Later*

The temporary annuity benefit is payable from your retirement date to a specific age that you select from 62 to 70. To be eligible for this benefit, you must have CalPERS service where you paid into Social Security. The monthly amount of your temporary annuity benefit cannot exceed your estimated Social Security benefit amount. If you're electing temporary annuity, you must request an estimate of your benefits from the Social Security Administration before you submit your CalPERS retirement application.

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### *Membership Date Before January 1, 2002*

The temporary annuity benefit is payable from your retirement date to a specific age that you select from 59-1/2 or any whole age from 60 to 68. The monthly amount of your temporary annuity does not depend on the amount of your estimated Social Security benefits or whether you paid into Social Security. The amount of the temporary annuity cannot be so large that it reduces your unmodified allowance by more than half.

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The temporary annuity benefit is funded by a permanent lifetime reduction to your retirement benefit amount. In addition, you must be retiring with a service retirement. If you retire for disability or industrial disability, you are not eligible for temporary annuity.

To see if a temporary annuity will work for you, read our *Temporary Annuity* booklet.

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**Temporary  
Annuity  
Example**

To illustrate how a temporary annuity works and why it might be used, we'll use Sally Sample's numbers from her example estimates (pages 57 – 59). We're going to assume that Sally has reviewed all the payment options available and has decided on the unmodified allowance, which will pay her \$1,433.33 a month for the rest of her life. After reviewing her budget, however, she's discovered that she is going to need at least \$1,700 a month from her CalPERS pension to make ends meet. So she's going to take a temporary annuity in the amount of \$500 per month for seven years, from her retirement age of 55 until she turns 62, when she plans on collecting a Social Security benefit. Even though she only needs about \$275 more per month to reach the \$1700 per month she needs, she has to take a \$500 temporary annuity, because the cost of the temporary annuity starts with the first pension payment so she only gets a net increase.

**Example Temporary Annuity Calculation**

Sally's pension at age 55	\$1,433.33
Cost of \$500 temporary annuity	<u>-\$212.25</u>
Permanently reduced lifetime pension	\$1,221.08
Seven year temporary annuity	<u>+\$500.00</u>
Total CalPERS income from age 55 to 62	\$1,721.08
Temporary annuity ends at age 62	<u>-\$500.00</u>
Permanently reduced pension from age 62	\$1,221.08

The cost of the temporary annuity is \$42.45 for each \$100 she takes, so since she's taking a \$500 temporary annuity we multiply the \$42.45 times 5 to get the cost of \$212.25 in the above table.

The temporary annuity can be a useful tool in helping you plan for your retirement, but it is something you need to plan carefully because it involves a future reduction to your retirement income. If you don't have a future source of retirement income, in this example Social Security, to make up for the loss of the temporary annuity you can find yourself in financial trouble.

For more information order our *Temporary Annuity* booklet, which has detailed information, the complete cost tables, and more examples.

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# Post-Retirement Lump Sum Death Benefits

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## Post-Retirement Death Benefits

### *Lump Sum Death Benefit*

All employers contract for a retired lump sum death benefit. You name the recipient (s) of this benefit on your retirement application.

- State and School employers contract for a \$2,000 lump sum death benefit.
- Public Agencies vary from a \$500 to \$5000 lump sum death benefit

If you have multiple employers over your career, the one that contracts for the highest amount is what is paid out to your beneficiaries.

The post-retirement lump sum death benefit that your employer contracts for is noted in your annual member statement that comes to you each fall.

---

### *Balance Lump Sum Death Benefit*

If you opted for a temporary annuity at retirement and pass away before you receive the full benefit, the remainder would be paid to your named beneficiaries in a lump sum.

If you chose payment Option 1 or a customized Option 4 that included an Option 1 balance, this would also be paid to your named beneficiaries in a lump sum.

---

## Lump Sum Beneficiary Designation

You'll name your beneficiary(ies) for your post-retirement lump sum death benefits on your retirement application. The following events will automatically revoke an existing lump sum beneficiary designation:

- Marriage
- Formation of a registered domestic partnership
- Dissolution or annulment of marriage, or termination of a domestic partnership
- Birth or adoption of a child

To change or update your beneficiaries for the post-retirement lump sum death benefits you must complete the *Post Retirement Lump Sum Beneficiary Designation form*, which is contained in our publication *Changing Your Beneficiary or Monthly Benefit after Retirement*.

## Notes

# Taxes & Your Retirement

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## Taxes

Retirement income is taxable. When you retire you will indicate on your retirement application how you want those taxes deducted from your retirement check.

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### *Your 1099R Tax Form*

The 1099R tax forms are mailed by the end of January each year. This form provides you with the information you need to complete your federal and State tax returns.

You can now view your tax statement online for the last four tax years. You must first register for an online my|CalPERS account before you can view your tax statement. You may also request a duplicate or replacement 1099R tax form by contacting us at our toll free number Monday through Friday from 8:00 a.m. until 5:00 p.m., or online by using Ask CalPERS. Please note that our Regional Offices are unable to provide you with duplicate or replacement copies of this tax form.

---

### *Changing Your Tax Withholding*

After you complete your tax returns, you may find that you want to change the federal or California state withholding amounts deducted from your monthly benefit payment. To do so, you can complete a CalPERS tax withholding form available in the Forms & Publications Center at the CalPERS On-Line Web site, then mail or fax it to CalPERS. You may change your tax withholding as often as you need. Be sure to read the instructions carefully and complete all required information.

If you need help in changing your withholding, CalPERS can assist you. However, since CalPERS cannot provide tax "advice," you should contact your tax consultant or the IRS and the State Franchise Tax Board for specific information on your tax-related needs.

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## Notes

## Cost of Living Adjustment (COLA)

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### COLA

The Retirement Law provides for the payment of an annual cost-of-living adjustment (COLA) to be paid each May.

Your COLA allowance can equal (but not exceed) the rate of inflation using the U.S. City Average of the U.S. Labor Department's Consumer Price Index.

Currently, State and school retirees have their COLA limited to a maximum of 2 percent (compounded) annually. Public agencies can contract for 2, 3, 4, or 5 percent cost-of-living adjustments.

Many retirees assume that we apply a 2 percent figure to your gross allowance each May, which not the case. Rather, a compounded percentage is applied against a figure referred to as your base allowance. Your base allowance is generally the gross amount you received at the time of your retirement.

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Your first cost-of-living adjustment is paid on May 1 of the second calendar year after you retire, and annually after that. For example, if you retire on December 31, 2010, you would receive your first COLA on May 1, 2012. If you wait just one day and retire on January 1, 2011, your first COLA will not be received until two years later - or May 1, 2013.

Here is an example of when your first COLA would be paid.

<u>Retirement Date</u>	<u>COLA Payment Date</u>
12/31/2010	05/01/2012
01/01/2011	05/01/2013

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## Notes

# Retirement Application Process

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## Preparing for Service Retirement

Review the CalPERS Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov) for retirement information or to download or order member publications.

- Review your latest CalPERS Annual Member Statement for completeness.
  - Attend a CalPERS retirement planning workshop
  - Request an estimate of your Social Security benefits from the Social Security Administration.
  - Obtain photocopies of your important documents such as a birth certificate for your beneficiary, marriage certificate, or certificate of domestic partnership.
- 

## Starting the Retirement Process

During the 12 months before you plan to retire, you'll want to follow these steps.

12 months before:

- Review your latest CalPERS annual member statement. If you think you may be eligible to purchase additional service credit not shown on your statement, request *A Guide to Your CalPERS Service Credit Purchase Options* booklet.
- Attend a CalPERS retirement planning workshop

9 months before:

- If there is a community property claim on your account, submit your settlement agreement to the CalPERS Member Services Division.

6 months before:

- Register for a my|CalPERS User ID and Password on our Web site and submit an online request for a retirement benefit estimate from CalPERS.

4-5 months before:

- Visit the CalPERS Web site or contact your employer to obtain a copy of *A Guide to Completing Your CalPERS Service Retirement Election Application*.
- Take your retirement application to your personnel office to complete the Employer Certification section.

3 months before:

- Complete and mail your *Service Retirement Election Application* to CalPERS and make a copy for your records.
-

**How to Choose  
a Retirement  
Date**

When choosing your retirement date, some things to consider are:

- Birthday quarters
  - COLA
  - Final compensation
- 

**Birthday  
Quarters**

Your benefit factor increases with every quarter year of age.

Retiring on your birth date - or the next completed quarter year of age - can help maximize your retirement benefit. For example, if your birth date is June 10, every three months from that day would be your "optimum" retirement dates – September 10, December 10, and the following March 10.

However, once you reach the maximum age for your retirement formula, your benefit factor is capped, but you can still increase your pension by increasing your service credit and/or pay rate. You can determine the maximum age for your formula by reviewing the retirement formula charts in this book and in your member benefit booklet.

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**COLA**

You may want to consider how your chosen retirement date will affect your first cost-of-living adjustment (COLA).

Regardless of the time of year you retire, you receive your first cost-of-living adjustment on May 1 of the second calendar year of your retirement, and annually after that. So if you retire at the end of a year you'll have to wait approximately 1-1/2 years for your first COLA, if you retire at the beginning of a year you'll have to wait almost 2-1/2 years for your first COLA. Therefore, you won't want to retire into a new calendar year unless you're trying to boost your pension by working until your next birthday quarter or for a longer time at a higher pay rate.

---

**Final  
Compensation**

Final compensation is a 12 or 36 month average of your base pay rate.

You may want to consider what your pay rate was during your final compensation period.

For example if you have a 12 month final compensation period and you have been at your highest pay rate for 10 months, you may want to consider postponing your retirement date until you have your full 12 months at that pay rate to get the highest final compensation possible.



# Power of Attorney

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## CalPERS Special Power of Attorney

CalPERS offers a durable special power of attorney form for use by members and beneficiaries. This durable special power of attorney enables you to appoint another person – your attorney in fact -- to deal with CalPERS on your behalf. This person may:

- Change your mailing address
- Sign tax withholding forms
- Submit a retirement application
- Select a retirement option
- Designate beneficiaries
- Endorse CalPERS retirement checks
- Request information regarding your account

Your CalPERS attorney in fact cannot:

- Make medical decisions on your behalf
- Exercise authority over real or personal property

Power of attorney is a complex issue. To fully understand, you should review our *Power of Attorney* publication. This publication also contains the needed *CalPERS Special Power of Attorney* form.

For more information or to download or order the *CalPERS Special Power of Attorney* form visit CalPERS On-Line at [www.calpers.ca.gov](http://www.calpers.ca.gov)., or call our toll free number **888 CalPERS** (or **888-225-7377**).

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## Notes

# Retiree Health Benefits

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## Retiree Health Benefits

### *Eligibility for Retired CalPERS Health Benefits*

Not all CalPERS retired members are covered by CalPERS health benefits. If you are covered by CalPERS health benefits, your eligibility for retiree health benefits depends on your tenure and time basis. You must be appointed to a job that lasts at least six months and one day, and you must work at least half-time. Also, you must retire within 120 days of your separation date from your employer to be eligible for CalPERS health benefits in retirement. You should check with your employer well in advance of your planned retirement date about how to maintain health coverage in retirement.

---

### *Vesting Requirements for CalPERS Retiree Health Benefits*

The vesting requirement may be different for State, Public Agency, and School employees. The table in the next section shows vesting requirements for State employees.

Public Agencies may choose to adopt a vesting schedule similar to the State. School retirees are subject to vesting requirements of their school district, which may be different from the requirement for State and Public Agency retirees. Check with your employer.

---

### *Dependent Coverage Under CalPERS Retiree Health Insurance*

Your spouse, registered domestic partner, and eligible children under age 23 can be covered under your health plan. Any dependants enrolled prior to retirement will continue to be enrolled after retirement, as long as they maintain their eligibility.

---

## **CalPERS Health Plans**

CalPERS offers three types of health plans:

- Health maintenance organization (HMO)
  - Preferred provider organization (PPO)
  - Exclusive provider organization (EPO)
- 

**HMO Plans** – Blue Shield Access+, Blue Shield NetValue, Kaiser Permanente, and California Correctional Peace Officers Association (CCPOA)\*

**PPO Plans** – PERSCare, PERS Choice, PERS Select, California Association of Highway Patrolmen (CAHP) Health Plan\*, and Peace Officers Research Association of California (PORAC) Police and Fire Health Plan.\*

**EPO Plan** – Blue Shield EPO- available only in Colusa, Mendocino, and Sierra Counties.

**\*Note:** You must belong to the specific employee association and pay applicable dues to enroll in an Association Plan (i.e, CAHP, PORAC).

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### ***Health Insurance Options Outside of California After Retirement***

The following CalPERS health plans are available to retirees living outside California:

- PERS Choice and PERSCare PPO plans
  - Kaiser Permanente HMO is available in various zip codes in Colorado, Georgia, Hawaii, Maryland, Ohio, Oregon, Virginia, Washington, and Washington, DC. Costs and benefits may vary outside of California.
  - Peace Officer Research Association of California (PORAC) Peace and Fire Health Plan.\*
-

### ***Important Dates for Maintaining CalPERS Health Coverage at Retirement***

There are two important dates to keep in mind, your:

1. Separation date
2. Retirement date

If your separation date and your retirement date are within 30 days of each other, and you are currently enrolled in a health plan at the time of retirement, your coverage automatically continues into retirement without a break.

If your separation date and your retirement date are between 30 and 120 days, your coverage will not automatically continue – but you may re-enroll within 60 days or during any Open Enrollment period. If you separate from employment and do not retire within 120 days, you are no longer eligible for CalPERS health coverage.

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### ***Changing CalPERS Health Plans after Retirement***

Similar to when you were actively working, retirees can change health plans during our annual “open enrollment” period in the fall. If you want to stay with your current CalPERS plan and the plan will be offered next year, you do not have to do anything; your coverage continues with your current plan. If you decide to change plans during open enrollment, the change is effective the following January 1.

---

### ***Continuing Coverage to Your Dependents after Your Death in Retirement***

Surviving family members may be eligible for health coverage, as long as they:

- Qualify for a monthly survivor check from CalPERS
- Were enrolled or were eligible to enroll as dependents at the time of the member's death
- Continue to qualify as eligible family members

In the event of a retired member's death it's very important that you contact us at **888 CalPERS** (or **888-225-7377**). If the member was still employed, contact the member's employer.

## Medicare

### *Certification of Medicare Status*

All retirees and their dependents must certify their Medicare status with CalPERS when they become eligible for Medicare at age 65 or upon retirement. If you retire due to Social Security disability you must certify your status before age 65.

CalPERS will mail a Certification of Medicare Status form to you when you reach age 65, and at the time of retirement. When you receive the form, you'll need to certify one of the following:

- You have enrolled in Medicare Part A, Part B, or both.
- You are claiming Medicare ineligibility because you do not qualify based on your own work record, or that of your spouse.
- You are deferring enrollment in Part B because you or a spouse are still working past age 65 and have employer group health insurance.

Once you've certified that you are enrolled in Medicare, CalPERS will put you in a CalPERS Medicare-coordinated health plan. Medicare is then your primary provider, and your CalPERS plan is the supplement to Medicare.

If you are not eligible for Medicare, CalPERS will keep you in the basic health plan. You'll need to provide us with a copy of the letter from Social Security that states you're not eligible for Medicare.

For more information how your CalPERS health benefits work with Medicare visit our Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov), order our *Health Program Guide*, or call our toll free number **888 CalPERS** (or 888-225-7377).

For general information on Medicare visit the Social Security Web site at [www.ssa.gov](http://www.ssa.gov), or call 1-800-772-1213, TTY 1-800-325-0778.

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# State Health Vesting

## State Health Vesting

### *State Health Vesting*

Upon retirement, the State may pay an amount towards your health insurance premiums. The amount of the State's share you are eligible for is based on when you were first hired by the State. The State's share may cover all or a part of your health plan premiums.

State health vesting chart.

<b>If you were hired by the State:</b>	<b>Then you receive:</b>										
Prior to January 1, 1985	100% of the State's contribution upon your retirement										
Between January 1, 1985, and January 1, 1989	100% of the State's contribution if you have 10 years service credit, if less than 10 years you receive a prorated amount based on your years of service, e.g. 8.5 years would get 85% of the state's contribution.										
After January 1, 1989	<div>A percentage of the State's contribution based on the following table:<table><tr><th>Years of State Service</th><th>State Contribution</th></tr><tr><td>Less than 10 years</td><td>0%</td></tr><tr><td>10 years</td><td>50%</td></tr><tr><td>10 to 19 years</td><td>50% plus 5% added for each full year completed after the 10<sup>th</sup> year</td></tr><tr><td>20 years or more</td><td>100%</td></tr></table></div>	Years of State Service	State Contribution	Less than 10 years	0%	10 years	50%	10 to 19 years	50% plus 5% added for each full year completed after the 10 <sup>th</sup> year	20 years or more	100%
Years of State Service	State Contribution										
Less than 10 years	0%										
10 years	50%										
10 to 19 years	50% plus 5% added for each full year completed after the 10 <sup>th</sup> year										
20 years or more	100%										

## Notes



# State Retiree Dental Coverage

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## State Retiree Dental Coverage

In order to be eligible for dental coverage in retirement, you must retire from CSU or a State agency within 120 days and be receiving a lifetime monthly allowance.

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### *Dependent Coverage Under State Retiree Dental Insurance*

Your spouse, registered domestic partner, and eligible children under age 23 are covered under your dental plan.

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### *Changing State Dental Plans After Retirement*

Once you are retired, contact CalPERS to make changes to your dental plan.

You can change dental plans, add, or delete eligible dependants during open enrollment or for a qualifying event. Qualifying events include marriage, divorce, birth of a dependant, or moving.

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## Dental Plans

There are three types of dental plans available for State retirees:

- Prepaid Plans
  - Indemnity Plans
  - Preferred Provider Plans
- 

### *The Prepaid Plan*

This plan requires you and your eligible dependents to use a specific dentist from a list provided and is only available in California. The premium is fully paid so no deduction is taken from your retirement check.

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**Dental Plans  
Continued**

***The Indemnity Plans***

This plan allows you to select the dentist of your choice. The plan limits the fees that are paid to the dentist and you are responsible for the balance if the fees are higher than the amount the plan pays. There is a monthly co-payment that is deducted from the retiree's check based on the number of dependents enrolled.

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***The Preferred Provider Plan***

This plan provides a list of participating dentists. If you select a dentist that is not on the list, the plan sets a limit on the services covered and your share of the fees may be much higher. You are responsible for the cost balance of any services provided. A monthly co-payment is deducted from the retiree's check based on the number of dependents enrolled.

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## State Retiree Vision Coverage

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### **Retiree Vision Program**

The State offers vision coverage for its retirees through the Vision Services Plan, or VSP, which is administered by the Department of Personnel Administration (DPA). In order to be eligible for VSP you must retire within 120 days of separating from your State employer.

You must submit the enrollment form within 60 days of retirement to receive coverage in retirement. Coverage becomes effective the first of the month following submission of the enrollment form. If you do not enroll during that time, you may enroll during any future open enrollment period, which coincides with health open enrollment.

The full premium for vision coverage is paid by the retiree out of their retirement check and is based on one party, two party, or family coverage.

For further information about the vision plan you may call VSP at (800) 877-7195 or visit the DPA Web site at [www.dpa.ca.gov](http://www.dpa.ca.gov).

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## Notes

# Working After Retirement

## Employment After Retirement

You may want to continue working in some capacity after retirement, either for personal satisfaction or financial reasons. If you decide to go back to work either full or part-time, you need to understand the rules so that you don't jeopardize your CalPERS retirement benefit. Download or request a copy of the CalPERS publication *Employment after Retirement*, which provides detailed information on the topic.

A few of the basic things to remember are:

- You cannot work more than 960 hours in a fiscal year for a CalPERS-covered employer.
- You must work in a position that is classified as temporary.
- Your salary must be no less and no greater than that of other employees performing comparable duties.

If you work for a non-CalPERS covered employer there are no restrictions.

If you retire under normal retirement age – normal retirement age is the age listed in your retirement formula, so for the 2% @ 55 formula 55 is normal retirement age – then there are two more restrictions to be aware of:

- You must not have had an agreement with your employer prior retirement to return to work
- You must wait at least 60 days before you start to work again.

Again, these last two restrictions only apply if you retire under normal retirement age.

As long as you follow all these restrictions you may return to work for a CalPERS employer and your pension will not be affected. You will not have to pay any additional retirement contributions, nor will you earn any additional service credit or additional retirement rights.

If you choose to accept a permanent appointment or exceed the annual time limits you will need to reinstate into active service or face penalties such as repayment of the pension payments you've received since the violation started and make up member contributions you should have been making.

**Reinstatement  
from  
Retirement**

If you choose to reinstate from retirement into active service you'll need to:

- Have a firm start date or hire date from the CalPERS employer
- Have a position that is either permanent (full or part time), or expected to require more than 960 hours in a fiscal year.
- Complete the reinstatement application, which is included in our *Reinstatement From Retirement* publication, and turn it into CalPERS.

When you reinstate into active employment your pension stops and you resume earning service credit and resume making member contributions. You can then re-retire at a later date.

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***How Reinstatement Affects Subsequent Retirement***

It's important to know that your new retirement may not include all the same benefits you had with your previous retirement. You will want to research carefully the benefits your prospective employer will provide when you re-retire.

Retirement benefits that will change or be lost by reinstatement:

- Retiree medical coverage depends on what is offered by the employer at re-retirement.
- “Golden Handshake” additional service credit is permanently lost by reinstatement
- Temporary annuity payments elected during the previous retirement must be re-elected at re-retirement
- The annual cost-of-living adjustment will begin again in the second calendar year after re-retirement

For complete details on reinstatement order our publication *Reinstatement From Retirement*.

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# Keeping Informed

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## Retiree Organizations

### *Stay Informed with Retiree Organizations*

It's important to stay current on issues that can affect your retirement. You can stay informed by joining a retired employee association and receiving regular information on public employee retirement issues. If you're not a member yet and would like more information, contact one of these organizations.

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#### **California School Employees Association**

2045 Lundy Avenue  
San Jose, CA 95131  
(800) 632-2128  
[www.csea.com](http://www.csea.com)

#### **California Association of Highway Patrolmen**

2030 V Street  
Sacramento, CA 95818  
(916) 732-2155  
[www.thecahp.org](http://www.thecahp.org)

#### **Retired Peace Officers Association of California**

P.O. Box 1239  
Colfax, CA 95713  
(800) 743-7622  
[www.rpoac.org](http://www.rpoac.org)

#### **California Professional Firefighters' Callback Association**

1780 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833  
(916) 921-9111  
[www.cpf.org](http://www.cpf.org)

#### **California State Employees Association – Retired Division**

1108 O Street, Suite 300  
Sacramento, CA 95814  
(916) 444-8134  
[www.calcsea.org/retirees](http://www.calcsea.org/retirees)

#### **California Faculty Association**

5933 W. Century Blvd., Suite 220  
Los Angeles, CA 90045  
(310) 641-4430  
[www.calfac.org](http://www.calfac.org)

#### **CDF Firefighters**

1731 J Street, Suite 100  
Sacramento, CA 95814-3022  
(916) 609-8700  
[www.cdf-firefighters.org](http://www.cdf-firefighters.org)

#### **California State Emeritus & Retired Faculty Association – Retiree Center**

1811 Nordhoff Street  
Northridge, CA 91330-8339  
(818) 718-7996

#### **American Federation of State, County and Municipal Employees Retirees**

Oakland Area Office, 2101 Webster Street, Suite 1850  
Oakland, CA 94612  
(510) 663-3939  
[www.afscme.org](http://www.afscme.org)

#### **Retired Public Employees Association of California**

300 T Street  
Sacramento, CA 95814  
(800) 443-7732  
[www.rpea.com](http://www.rpea.com)

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## Notes



## Online Resources

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### **my|CalPERS**

my|CalPERS is a personalized, secure Web site developed with you in mind. With my|CalPERS, accessing your personal retirement, health and financial information is fast, easy, secure, and reliable. View your retirement account balances, create a forecast for your future with our planning calculators, enroll in our classes, personalize your home page, and more!

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Some of the services available to you are:

- My Profile- manage your contact information and online account profile
  - My Account Info- view information about your employment, service credit, and more
  - My Health Summary- view health plans available in your area, search for health plans by ZIP code
  - My Statements- view your annual member statement, benefit statement, and tax statements
  - My Statuses- view the statuses of your service credit purchase or your application for disability retirement
  - My Planning Tools- calculate your retirement estimate, estimate service credit costs, request a CalPERS-generated retirement estimate
  - My Education- view the schedule of classes, enroll in classes, take classes online, and more.
- 

### **CalPERS On-Line**

The CalPERS On-Line Web site is your one-stop information center for CalPERS programs and services – on the Internet at [www.calpers.ca.gov](http://www.calpers.ca.gov). It's available to serve you 24 hours per day, 7 days a week. All you need is a computer with Internet access.

Our Web site has a feature that allows you to customize the content so that you only receive information that is relevant to you. Just select a “member view” by entering your member status and category and the Web site will automatically provide you with the information and services that applies to your circumstances.

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### ***On Our Home Page***

Instant access to our most popular pages and services by clicking “Quick Links” and “Online Services.”

- View “Important Dates and Events”
  - Keep up with CalPERS developments in “CalPERS News”
  - Get the latest CalPERS Home Loan rates
  - Download or order CalPERS forms and publications
  - Subscribe to “eSubscription” services
- 

### ***Online Services***

There are many useful online tools and services that can help you plan for retirement. By registering for a personal User ID and Password, you can access information in your personal account and conduct personal transactions using my|CalPERS.

- View and print your annual member statement
  - Obtain an instant online retirement benefit estimate
  - Request a CalPERS-generated retirement estimate
  - Estimate the cost of purchasing additional service credit
  - Track the status of your service credit purchase
  - Track the status of your disability retirement application
  - Register for a CalPERS member education class
  - View and print your CalPERS benefit check statement
  - View and print your CalPERS tax statement
  - Change your address online
- 

### ***Customer Education Center***

- Register for retirement benefit or financial planning classes
  - Schedule a counseling appointment with a retirement counselor.
-

# Contacting CalPERS

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## Three Ways to Contact CalPERS

There are four ways to contact CalPERS:

- Online
  - By phone
  - By mail
  - In person
- 

### *CalPERS Online Website*

You can use the *Ask CalPERS* service on our Web site, [www.calpers.ca.gov](http://www.calpers.ca.gov). It's a versatile service that lets you to ask questions on just about any topic. Access *Ask CalPERS* by selecting the "Contact Us" link at the top of the homepage. Responses from *Ask CalPERS* generally take a couple of weeks.

**Note:** Because the response will be e-mailed to you we cannot include any personal or confidential information in the response.

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### *CalPERS Customer Contact Center*

For assistance by telephone, call us toll free at **888 CalPERS** (or **888-225-7377**). CalPERS customer service agents are available to help you Monday through Friday, 8:00 a.m. to 5:00 p.m. TTY for speech and hearing impaired: (916) 795-3240.

**Note:** You may want to try to avoid calling us during these busy times:

- The day after a holiday
  - The first day of the week, of a month, of a pay period, of a year, or of open enrollment for health benefits.
- 

### *Contact CalPERS by Mail*

When corresponding with CalPERS by mail, please keep in mind that most responses take a couple of weeks, but if your question or situation requires detailed research a response can take a month or more. You can find a list of CalPERS addresses on our Web site through the "Contact Us" link at the top of the homepage.

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### ***CalPERS Regional Offices***

For in-person assistance you can visit a CalPERS Regional Office near you. Retirement representatives are available to help you Monday through Friday, 8:00 am to 5:00 pm. To make your visit as productive and smooth as possible, please have all your paper work completed to the best of your ability before arriving to the office. You may schedule an appointment through our Web site or by calling our toll free number **888 CalPERS** (or **888-225-7377**).

Sacramento Regional Office  
400 Q Street, Room 1820  
Lincoln Plaza East  
Sacramento, CA 95811  
FAX (916) 795-7917

Glendale Regional Office  
Glendale Plaza  
655 North Central Avenue,  
Suite 1400  
Glendale, CA 91203  
FAX (818) 662-4304

San Diego Regional Office  
7676 Hazard Center Drive,  
Suite 350  
San Diego, CA 92108  
FAX (619) 220-7201

Orange Regional Office  
500 North State College Blvd.,  
Suite 750  
Orange, CA 92868  
FAX (714) 939-4701

Walnut Creek Regional Office  
1340 Treat Blvd., Suite 200  
Walnut Creek, CA 94597  
FAX (925) 746-8501

San Bernardino Regional Office  
650 East Hospitality Lane, Suite 330  
San Bernardino, CA 92408  
FAX (909) 806-4820

San Jose Regional Office  
181 Metro Drive, Suite 520  
San Jose, CA 95110  
FAX (408) 451-8001

Fresno Regional Office  
10 River Park Place East, Suite 230  
Fresno, CA 93720  
FAX (559) 440-4901

# CaIPERS REGIONAL OFFICES



## Notes

## Additional Information

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### **Saving for Retirement**

While your CalPERS pension is your most valuable retirement asset, it may not be enough to maintain the same lifestyle you have while actively working. Experts say most retirees need about 80 percent of their pre-retirement income to maintain the same lifestyle in retirement. For most retirees, CalPERS benefits only replace about half or less of the income they had while working.

Social Security will help, but not all public employees are covered. That's why we encourage all CalPERS members to participate in a supplemental deferred compensation retirement savings plan such as the State of California's Savings Plus Program, the CalPERS 457 Deferred Compensation Program for public agencies, or your employer's 401(k), 403(b), or 457 retirement savings plan.

The key is starting early. It is never too early to start saving for retirement. The mistake most people make is that they wait too long, until they are age 40 or older. The longer you wait, the more difficult it is to save enough money for a comfortable retirement.

For example, if a 22-year-old saves \$100 a month in a tax deferred account and averages a 10 percent return on investments, that person would be a millionaire when he or she retires at 65. For a 40-year-old to reach to the same goal, that person would have to contribute more than \$700 a month. This is an illustration of the powerful effect of starting early and contributing regularly to your supplemental retirement savings plan. The key is starting early and being disciplined about making regular contributions into your retirement account.

But even if you start saving late, it is better than not starting at all. As the saying goes, better late than never. If you start saving for retirement late, you will have to save more to make up for the lost time. Look for ways to reduce your debt, such as paying off your credit cards. The money you save from not paying interest on credit cards can go into your retirement savings account.

There is no question that it is more difficult when you start saving late. But that doesn't mean you should not start at all. Every dollar counts. So start saving now. If you are already saving for retirement, consider saving a little more each month. Again, every dollar counts.

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**How Is the  
CalPERS  
Defined Benefit  
Plan Funded?**

The CalPERS pension is a defined benefit plan. Your retirement benefit is determined by a formula based on age, years of service, and highest compensation, and is guaranteed for life.

Your pension is funded from three sources:

- Member (employee) contributions
  - Employer contributions
  - Earnings from pension fund investments
- 

***Member Contributions***

Member contribution amounts are set by law and vary by job classification, employer and Social Security participation.

Contributions are made each pay period on a pre-tax basis in an account in your name. The balance in your member account currently earns a 6% annual compounded rate of return.

Contributions range from 5% to 9% of your earnings. Check with your employer to see what rate you are currently paying.

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**Funding  
Sources**

***Employer Contributions***

The amount your employer contributes is adjusted yearly based on specific economic and investment performance factors.

Employer contributions are not kept in your name; they are kept in your employer's account.

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***Investment Earnings***

The third source of income is from CalPERS investment earnings in:

- Stocks
- Bonds
- Other investment vehicles

Investment earnings vary from year to year.



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**Defined Benefit  
vs. Defined  
Contribution  
Retirement  
Plans**

There are two basic types of retirement plans. CalPERS is a defined benefit retirement plan, also called a pension plan. There are also 401(k)-style defined contribution plans, also called deferred compensation retirement savings plans. There are significant differences between the two types of retirement plans.

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***Defined Benefit Plan***

In a CalPERS defined benefit plan, your benefit at retirement, or pension, is determined by a preset formula. Your pension is a guaranteed retirement benefit from your employer that is determined by your years of service, age at retirement, and your highest one-year or three-year compensation while employed.

Your CalPERS defined benefit pension plan is the responsibility of your employer, which has contracted with CalPERS to manage the plan. Both you and your employer contribute to the plan. The contributions are invested by professional money managers. Investment earnings produce most of the income for paying retirement benefits. Your retirement benefit is not affected by investment performance; it is guaranteed by law.

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***Defined Contribution Plan***

In a defined contribution plan, your retirement benefit is determined by the amount of assets in your personal retirement account, such as a 401(k) or 457 deferred compensation account, at the time of your retirement. You determine how those assets are distributed in your retirement years. There is no guaranteed retirement benefit.

You are responsible for managing your defined contribution account. While you and perhaps your employer contribute to your personal retirement account, you are responsible for making investment decisions. Your investment decisions and factors such as the state of the economy and financial markets will influence the amount of funds available to you at retirement. Poor investment decisions have a profound impact on your retirement benefit.

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## **Savings Plus Program**

### ***Purpose and Eligibility***

The Savings Plus Program is administered by the Department of Personnel Administration (DPA) for California State employees.

This program offers you the opportunity to build retirement savings in addition to your CalPERS pension.

Contributions are made through pre-tax payroll deductions. When the funds are withdrawn they become taxable.

To be eligible you must be an actively employed California State employee.

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### ***Available Plans***

There are two savings plans available through the Savings Plus Program:

- 401(k)
- 457 Deferred Compensation

You can enroll in one or both of these plans at any time.

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### ***Enrollment***

If eligible, you can enroll in the Savings Plus Program at any time. You can get the enrollment forms by:

- Going online to [www.sppforu.com](http://www.sppforu.com)
  - Calling (866) 566-4777
-

**Alternate  
Retirement  
Program (ARP)**

***What is the Alternate Retirement Program (ARP)?***

The Alternate Retirement Program is a mandatory defined contribution savings plan for new State hires. For the first 24 months of your employment, you make contributions into a retirement savings plan in lieu of receiving retirement service credit under the CalPERS plan.

Although you do not earn retirement service credit with CalPERS during this period, you are still a CalPERS member and the time you accrue in ARP counts towards vesting for retirement, health, and dental benefits. After 24 months, you stop contributing to ARP and start making contributions to the CalPERS retirement plan.

---

***ARP Participants***

You are automatically enrolled in the Alternate Retirement Program if eligible. The following criteria are used to determine eligibility:

- First hired by the State on or after August 11, 2004, and
- Qualify for CalPERS membership in the State miscellaneous or State industrial category

In 2006, some State bargaining units agreed to a higher contribution level.

Check with your personnel office for more information about your contribution rate.

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***Alternate Retirement Program Contributions***

The amount you contribute to the Alternate Retirement Program is the same as the amount you contribute under the CalPERS plan.

The State employee contribution amount is currently 5% of your earned salary above \$513 per month. The first \$513 you earn per month is exempt from contributions.

Your contributions are placed into a 401(a) account and are invested in a fixed-income fund.

---

**Refunds and Rollovers**

If you permanently separate from your CalPERS-covered employer, you have three options regarding your funds on deposit with CalPERS:

- Leave your funds on deposit
  - Take a cash refund
  - Roll your funds over to another retirement account
- 

**Reciprocity**

Reciprocity is an agreement among public retirement systems in California that allows members to move from one retirement system to another, within a specified time limit, without losing retirement benefits.

Reciprocity allows you:

- To maintain membership in each retirement system
  - Coordinate benefits between retirement systems
- 

**Pre-Retirement Death Benefits**

CalPERS members are eligible for various pre-retirement death benefits.

Benefits range from a simple return of your contributions (plus interest) to a monthly allowance.

Each member's death benefits can vary significantly, depending on circumstances, data, and employer contract.

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***Resources***

Additional information is available in the CalPERS member booklet *Your Benefits Your Future*.

You can download the booklet from the Forms and Publications Center on the CalPERS On-Line Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

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**Naming Your  
Beneficiary  
Prior to  
Retirement**

***What Is a Beneficiary?***

A beneficiary is a person (or other benefit recipient) who is eligible to receive a benefit after your death.

You may name as your beneficiary:

- Any person(s)
  - Corporation
  - Trust
  - Your estate
- 

Next of kin as established by State law:

1. Spouse or registered domestic partner
  2. Children (natural or adopted)
  3. Parents
  4. Brothers and sisters
  5. Probated estate
  6. Trust, if one exists
  7. Stepchildren
  8. Grandchildren (including step-grandchildren)
  9. Nieces and nephews
  10. Great grandchildren
  11. Cousins
- 

***Events That Revoke Beneficiary Designation***

If you currently have a beneficiary designation filed with CalPERS, be aware that certain events will revoke your existing beneficiary designation.

You must complete a new form if any of the following events occur:

- Marriage or registration of domestic partnership
  - Dissolution, annulment, or termination of marriage or domestic partnership
  - Birth or adoption of a child
-

## **Emergency Retirement**

If a medical condition indicates you may not survive long enough to fully process your retirement application, an emergency retirement may be needed.

An emergency retirement is a special process to expedite retirement applications for members who are facing a terminal illness or imminent death.

It is important to contact CalPERS in this situation because it allows you to specify a beneficiary for your retirement benefits.

---

### ***Eligibility for an Emergency Retirement***

Any active or inactive member of CalPERS may request an emergency retirement if they are eligible for a service or disability retirement.

Emergency situations include:

- Potential imminent death: you may not live long enough to complete the normal retirement process
  - Potential imminent comatose condition
  - Undergoing an operation that you may not survive
- 

### ***Contact Information***

If an emergency retirement becomes necessary, you can begin the emergency retirement process by contacting:

- CalPERS at **888 CalPERS** (or 888-225-7377)
  - Your employer
-

CalPERS is bringing member education into the 21<sup>st</sup> century! With the CalPERS Education Center, it is now easier than ever to educate yourself about your CalPERS benefits and services, and how to plan for your financial future.

The online CalPERS Education Center is your one-stop shop for managing all your CalPERS education needs. You can register online for instructor-led CalPERS education classes, take classes online, and make an appointment online with a CalPERS retirement counselor. You can do all of this and more 24 hours per day, 7 days a week, at the CalPERS Education Center. All you need is a computer with Internet access.

Visit the CalPERS Education Center at the CalPERS On-Line Web site at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Also on our Web site is "my|CalPERS," our personalized Web site for members that allows you to access your personal CalPERS account information and perform transactions online. To request or download CalPERS forms and publications, go to our online *Forms and Publications Center*. For immediate assistance, call our Customer Contact Center at toll-free **888 CalPERS** (or 888-225-7377).



California Public Employees' Retirement System  
400 Q Street  
P.O. Box 942701  
Sacramento, CA 94229-2701

**888 CalPERS (or 888-225-7377)**

**[www.calpers.ca.gov](http://www.calpers.ca.gov)**